

Fig. 1

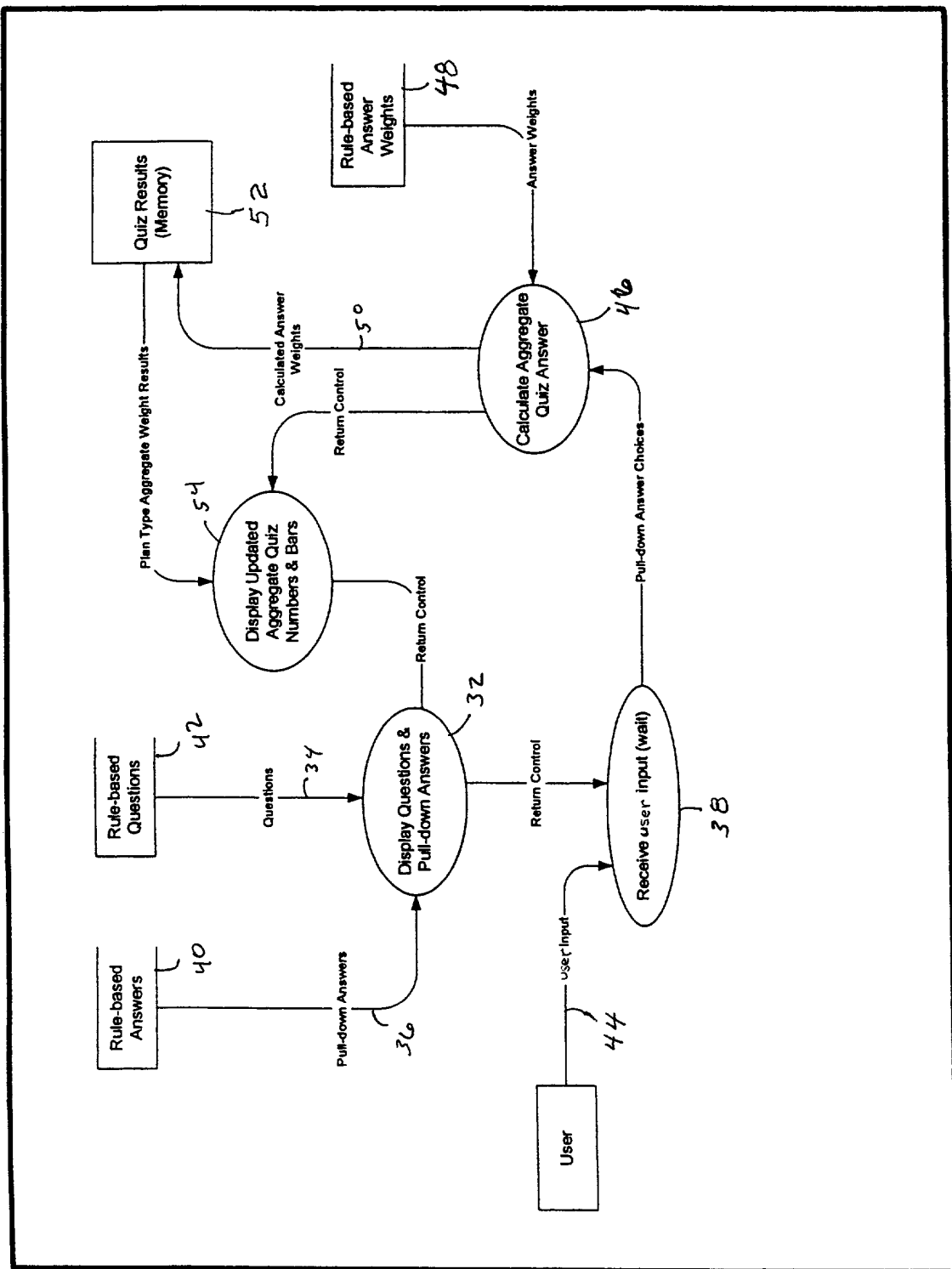


FIG. 2

FIG. 3

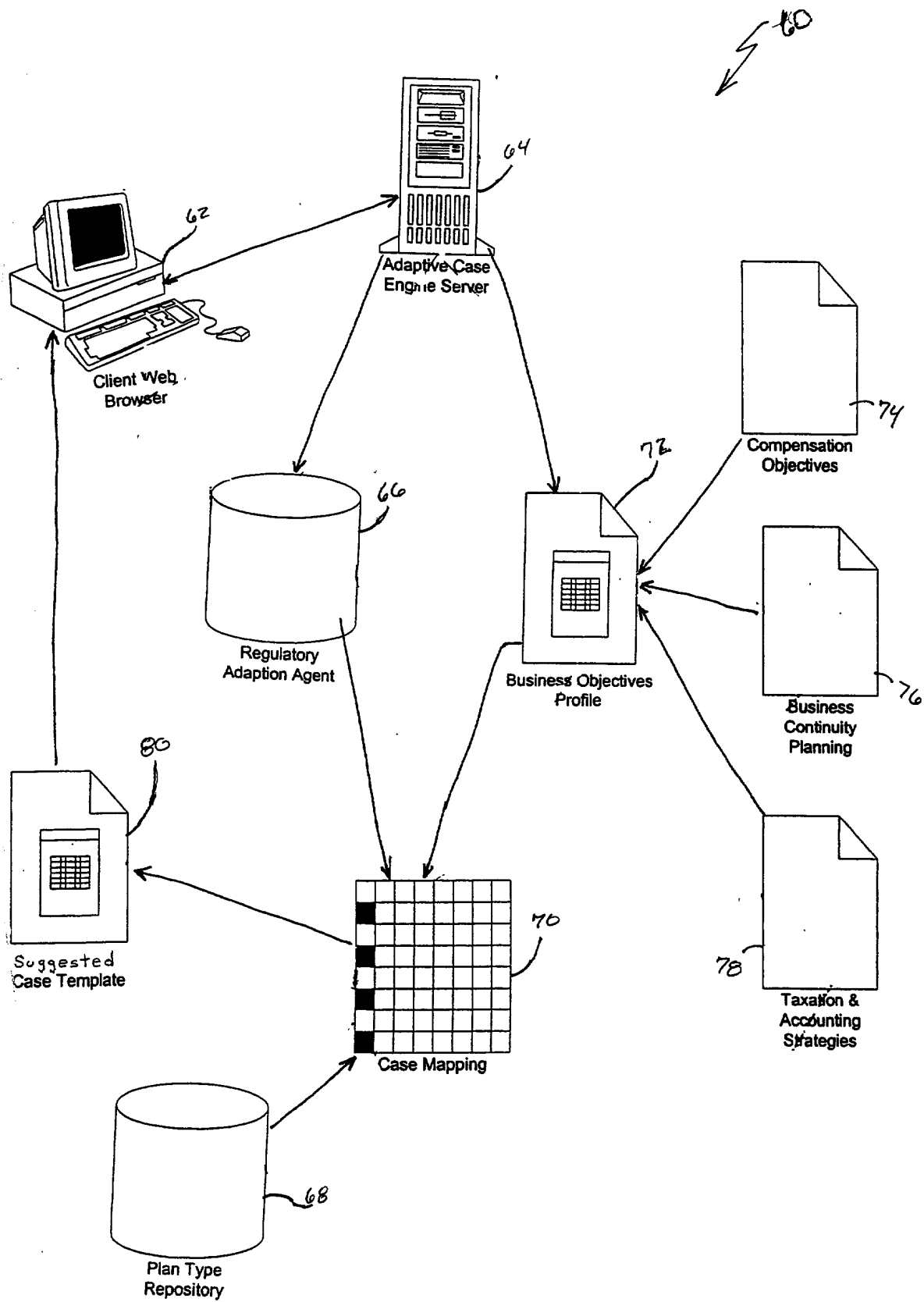


FIG. 3

90A

y	Critical to the company's success
n	One of several priorities
n	Advantageous when appropriate
n	Not a significant factor in the com

- y Critical to the company's success
- n One of several priorities
- n Advantageous when appropriate
- n Not a factor in the company's success

☐ Critical to the company's success
☐ One of several priorities
☐ Advantageous when appropriate
☐ Not a factor in the company's success

- n No one expresses concern about restrictions
- y Some key people express concern about retirement income.
- n There has been strong pressure for the company to find solutions.
- n They seem more concerned about personal after-tax investment strategy.

n They would enthusiastically utilize it.
 y They would probably find it a valuable addition to their compensation.
 n They would probably not consider it a valuable addition to their compensation.
 n They would not take advantage of it.

- y Founder owns and manages.
- n Founder retired but still controls ownership.
- n Family ownership and key employee have moved to second generation.
- n Family ownership has become widely separated from key employee.

Family ownership has become widely separated from key employee. As a long term agreement between company and participant, nonqualified benefits plans are more attractive to key people where a concrete track record of corporate longevity can be demonstrated.

90B

- y Family ownership
- n Single owner
- n Multiple private shareholders
- n Public company

n Completed review within past 12 months
n Will review at current year-end
y Will review at unscheduled future time
n No formal continuity/succession plan

- ☐ Sole proprietorship
- ☐ C Corp
- ☐ S Corp
- ☐ Partnership
- ☐ Limited Liability Corporation
- ☐ Non-profit

n Under 10
y 10-49
n 50-100
n Above 100

n	Under \$75,000
n	\$75,000-100,000
y	\$100,00-250,000
n	Above \$250,000

n Under 35
n 35-45
y 45-55
n Above 55

Different demographic profiles of your potential plan participants affects both plan design and informal funding decisions.

Table 1. Demographic characteristics of the study population	
Age (years)	Mean (SD)
Male	55.2 (10.5)
Female	56.8 (11.2)
Marital status	
Married	78.5%
Single	21.5%
Education level	
High school or above	65.2%
Below high school	34.8%
Occupation	
Professional	12.3%
Managerial	18.7%
Technical	25.4%
Service	32.1%
Unemployed	11.5%
Income (USD/month)	
< 1000	15.6%
1000-2000	28.9%
2000-3000	35.2%
> 3000	20.3%

FIG. 4D

90D
↙

19 How important is it that a retirement benefit program have a vesting schedule?

- n Absolutely important.
- n Among the top decision factors.
- y Desirable but not necessary.
- n Not an important decision factor.

In some companies and some industries, the long-term commitment of key people is a strategic planning issue, and a vesting schedule can be either a critical or an unimportant factor in the choice of plans.

How important is it that a retirement benefit program permit participant asset allocation?

20

- n Absolutely important.
- n Among the top decision factors.
- y Desirable but not necessary.
- n Not an important decision factor.

There is a wide spectrum of control over investment strategy available among the basic plan designs, and whether your key people want a more active role or are content to let the company make these decisions with its advisors plays an important part in plan design.

094537 043001

FIG. 5A

Scoring					Total Weighting					Question Weights (1-5)					Answer Weights				
Def	Comp	DC	DB		Def	Comp	DC	DB		Def	Comp	DC	DB		Def	Comp	DC	DB	
Comp	Match	SERP	SERP		Comp	Match	SERP	SERP		Comp	Match	SERP	SERP		Comp	Match	SERP	SERP	
1																			
16	16	16	16		16	16	16	16		4	4	4	4		4	4	4	4	
0	0	0	0		8	8	8	8		2	2	2	2		2	2	2	2	
0	0	0	0		4	4	4	4		1	1	1	1		1	1	1	1	
0	0	0	0		0	0	0	0		0	0	0	0		0	0	0	0	
2																			
0	0	12	9		0	0	12	9		0	0	4	3		0	0	4	3	
0	0	0	0		0	0	6	3		0	0	2	1		0	0	2	1	
0	0	0	0		0	0	3	9		0	0	1	3		0	0	1	3	
0	0	0	0		0	0	0	0		0	0	0	0		0	0	0	0	
3																			
0	6	9	12		0	6	9	12		0	2	3	4		0	2	3	4	
0	0	0	0		0	3	6	9		0	1	2	3		0	1	2	3	
0	0	0	0		0	3	6	6		0	1	2	2		0	1	2	2	
0	0	0	0		0	0	0	0		0	0	0	0		0	0	0	0	
4																			
0	0	0	0		0	0	0	0		0	0	0	0		0	0	0	0	
4	8	0	0		4	8	0	0		1	2	0	0		1	2	0	0	
0	0	0	0		8	12	0	0		2	3	0	0		2	3	0	0	
0	0	0	0		12	16	0	0		3	4	0	0		3	4	0	0	
5																			
0	0	0	0		20	20	0	0		4	4	0	0		4	4	0	0	
10	10	0	0		10	10	0	0		2	2	0	0		2	2	0	0	
0	0	0	0		5	5	0	0		1	1	0	0		1	1	0	0	
0	0	0	0		0	0	0	0		0	0	0	0		0	0	0	0	
6																			
2	2	2	2		2	2	2	2		1	1	1	1		1	1	1	1	
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0	0	0	0		8	8	8	8		4	4	4	4		4	4	4	4	
0	0	0	0		6	6	6	6		3	3	3	3		3	3	3	3	

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FIG. 5B

	94B				100B				96B				98B			
	Scoring				Total Weighting				Question Weights (1-5)	Answer Weights						
	Def Comp	Def Comp Match	DC SERP	DB SERP	Def Comp	Def Comp Match	DC SERP	DB SERP		Def Comp	Def Comp Match	DC SERP	DB SERP			
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	0	0	0	0	6	6	6	6		3	3	3	3			
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	0	0	0	0	4	4	2	2		2	2	1	1			
	-4	-4	0	0	-4	-4	0	0		-2	-2	0	0			
	0	0	0	0	-8	-8	-6	-6		-4	-4	-3	-3			
9	0	0	0	0	2	2	2	2	2	1	1	1	1			
	8	8	8	8	8	8	8	8		4	4	4	4			
	0	0	0	0	6	6	6	6		3	3	3	3			
	0	0	0	0	4	4	4	4		2	2	2	2			
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	0	0	0	0	12	12	12	12		4	4	4	4			
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	0	0	0	0	6	9	9	3		2	3	3	1			
	9	12	9	9	9	12	9	9		3	4	3	3			
	0	0	0	0	6	9	9	12		2	3	3	4			

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FIG. 5C

Scoring					Total Weighting				Question Weights (1-5)				
Def					Def				Answer Weights				
Def	Comp	DC	DB		Def	Comp	DC	DB	Def	Comp	DC	DB	
Comp	Match	SERP	SERP		Comp	Match	SERP	SERP	Comp	Match	SERP	SERP	
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14													
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0	0	0	0	0	2	4	6	6	1	2	3	3	3
15													
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0	0	0	0	0	10	10	10	10	2	2	2	2	2
5	5	5	5	5	5	5	5	5	1	1	1	1	1
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18													
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0	0	0	0	0	2	2	2	2	1	1	1	1	1

94C
↓

100C
↓

96C
↓

98C
↓

100D

2

98A

0	0	0	0
0	0	0	0
0	6	6	8
0	0	0	0

0	12	12	12
0	9	9	9
0	6	6	6
0	3	3	3

3	0	4	4	4
	0	3	3	3
	0	2	2	2
	0	1	1	1

0	0	0	0
0	0	0	0
6	6	6	0
0	0	0	0

12	12	12	0
9	9	9	0
6	6	6	0
3	3	3	0

3				
4	4	4	0	
3	3	3	0	
2	2	2	0	
1	1	1	0	

Total Score:	101	121	120	113
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C		D		E		F		G		H		I		J		K		L		M		N		O		P		Q		R		S		T		U		V		W		X		Y		Z			
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1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32																		

FIG. 6 A

Purpose

92 A
↓

- 1 Alignment is a very significant (4) issue, most relevant to DC plans issue, and more relevant the greater the degree of participant contribution.
- 2 Annual company provided rewards is a moderately important (3) issue, relevant to DC or DB SERP plans, and has no relevance to participant
- 3 Long-term company provided rewards is a moderately important (3) issue, relevant to DC or DB SERP plans, and has minimal relevance to
- 4 Limitations to 401(k) is a very significant (4) issue and relevant to participant contributions.
- 5 Supplemental 401(k) participation is a most significant (5) issue and relevant to participant contributions.
- 6 Corporate legacy is a less significant (2) issue but has relevance to how all plans are communicated to participants.

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Purpose

92B

- 7 Corporate legacy is a less significant (2) issue but has relevance to how all plans are communicated to participants.
- 8 Corporate planning is a less significant (2) issue but can impact participant confidence and participation in participant contribution plans.
- 9 Legal structure is a less significant (2) issue but can impact delivery on some plans.
- 10 Participant size is a least significant (1) issue but can impact underwriting and management of life insurance contracts.
- 11 Compensation is of medium significance (3) but can impact participation in participant contribution plans.
- 12 Age is of medium significance (3) but can impact participation in defined benefit plans.

[illegible]

92C

13	Compensation position is a less significant (2) issue but can impact how different types of plans are perceived by the participants.
14	Fringe benefits position is a less significant (2) issue but can impact how different types of plans are perceived by the participants.
15	Turnover is a most significant (5) issue and all supplemental benefits can reduce turnover.
16	Turnover is a most significant (5) issue and all supplemental benefits can reduce turnover.
17	Recruiting is of medium significance (3) and all supplemental benefit can enhance recruitment.
18	Deductibility is a less significant (2) issue but gives insight into how the company makes financial decisions.

FIG. 6D

Purpose

92D

19 Vesting is of medium significance (3) but gives insight into how the company views "handcuff" periods.

20 Asset allocation is of medium significance (3) but gives insight into how the company views participant control.

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FIG. 7A

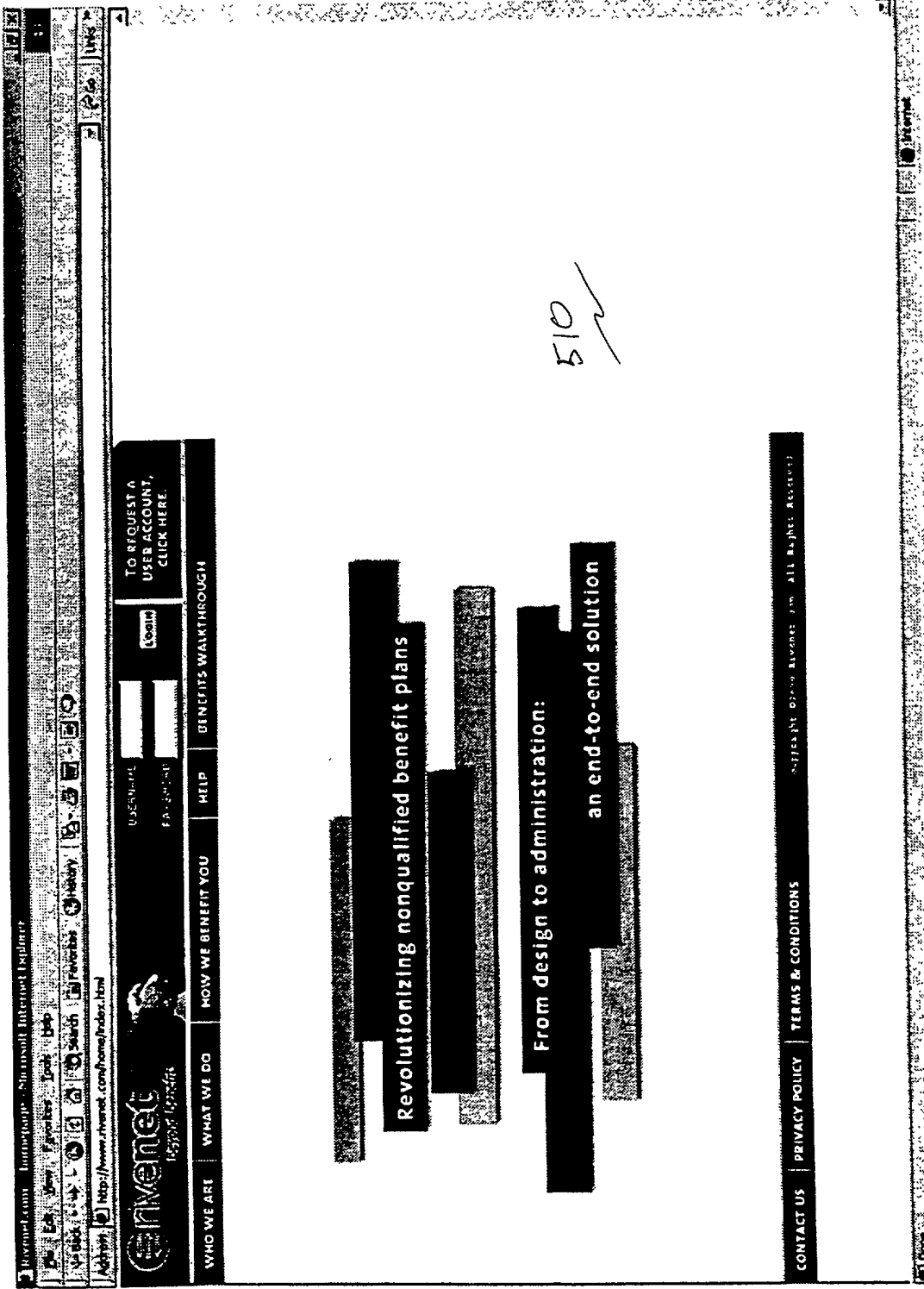


FIG. 7A

Internet Explorer

File Edit View Favorites Tools Help

Address Bar: C:\Documents and Settings\linda_40\My Documents\ScreenShot\Screen2.htm

Navigation Buttons

ACE2.0

INVESTMENT

mydirect

CREATE ACCOUNT

TAKE THE QUIZ

DESIGN PLAN

PLAN INFO

HOW IT WORKS

Cases

Select a case name to view group information.

514

Case Name

Type

10237000

Sample Deferred Compensation Plan

Deferred Compensation Plan

10237000

Sample Company Defined Compensation Match Plan

Deferred Compensation Plan With Employer Match

10237000

Client Company Defined Benefit Plan

Defined Benefit Plan

10247000

Sample Company Defined Contribution Plan

Defined Contribution Plan

10237000

512

512

Personal Information

512

about this page...

This page holds a record of all the plan designs you have created so far.

To design a new plan, use the "Design Plan" button in the top navigation bar.

HOME | TERMS AND CONDITIONS | PRIVACY POLICY | HELP MENU

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FIG. 7B

Nonqualified Benefits Quiz - Microsoft Internet Explorer

Which plan is best for you?

ENTITLEMENT
Defined Benefit

EMPOWERMENT
Deferred
Compensation

MOTIVATION
Deferred
Compensation Match

INCENTIVE
Defined
Contribution

The following 20 questions will help you determine where your corporate objectives fit on the compensation spectrum. This may prove useful when determining the types of nonqualified benefit plans that make sense for you.

Take the quiz now.

Close window.

518

516

Done

Internet

FIG. 7C

Nonqualified Benefits Quiz - Microsoft Internet Explorer

Questions 1-3

How important is it to align the personal financial goals of your key people to your company's financial goals?

Critical to the company

How important is it to tie rewards directly to employees' long-term commitment?

Critical to the company

Which of the following best describes the single most important employee quality you want to reward?

Results

NEXT

Done

Internet

FIG. 7D

2) Nonqualified Benefits Quiz - Microsoft Internet Explorer

Questions 4-8

Which statement best describes your key people's reaction to restrictions on contributions to your 401(k) plan?

☐ No one expresses concern about restrictions

How would your key people react to a nonqualified retirement benefit plan that increases their pretax savings and company contribution potential, but has fewer of the financial guarantees of a qualified 401(k)?

☐ They would enthusiastically utilize it.

If your business is family owned, what stage of development has been reached?

☐ Not applicable

☐ NEXT

Entitlement: 12 (Defined Benefit Plan)

Empowerment: 12 (Deferred Compensation Plan)

Motivation: 30 (Deferred Compensation Plan With Employer Match)

Incentive: 48 (Defined Contribution Plan)

Done

FIG. 7E

Nonqualified Benefits Quiz - Microsoft Internet Explorer

Questions 7-8

If control and management of the business has moved beyond the founder generation, how is ownership structured?

What is your timeframe for reviewing the company's continuity and succession plan?

What is the legal structure of your company?

Answers:

- Entitlement: 12 (Defined Benefit Plan)
- Empowerment: 32 (Deferred Compensation Plan)
- Motivation: 50 (Deferred Compensation Plan With Employer Match)
- Incentive: 48 (Defined Contribution Plan)

Handwritten notes: 534, 540, 536, 538

FIG. 7F

Nonqualified Benefits Quiz - Microsoft Internet Explorer

Questions 10-12

How many people in your company would you classify as key employees?

Under 10

Which range of salaries encompasses the largest number of your key people?

Under \$75,000

What age range encompasses the largest number of your key people?

Under 35

Entitlement: 20
(Defined Benefit Plan)

Empowerment: 44
(Deferred Compensation Plan)

Motivation: 62
(Deferred Compensation Plan With Employer Match)

Incentive: 57
(Defined Contribution Plan)

534

540

536

538

Done

FIG. 7G

Unqualified Benefits Quiz - Microsoft Internet Explorer

Questions 13-15

How would you characterize your compensation position within your industry and geographic area?

Which phrase best characterizes your fringe benefits position within your industry and your geographic area?

How harmful has key employee turnover been to your corporate goals in the past five years?

534

536

538

540

Entitlement: 24
(Defined Benefit Plan)

Empowerment: 53
(Deferred Compensation Plan)

Motivation: 72
(Deferred Compensation Plan With Employer Match)

Incentive: 71
(Defined Contribution Plan)

Done

FIG. 7H

Nonqualified Benefits Quiz - Microsoft Internet Explorer

Questions 18-18

How likely is it that your key employee group will expand significantly in the next five years?

Extremely likely to expand. []

How would you characterize competition in recruiting key employees within your industry and geographic area?

We work in an extremely competitive recruiting environment. []

How important is it that every compensation and benefit program be currently deductible to the corporation?

Not an important decision factor. []

Entitlement: 80
(Defined Benefit Plan)

Empowerment: 83
(Deferred Compensation Plan)

Motivation: 112
(Deferred Compensation Plan With Employer Match)

Incentive: 107
(Defined Contribution Plan)

534

540

538

536

Done

Internet

FIG. 7I

Nonqualified Benefits Quiz - Microsoft Internet Explorer

Questions 19-20

How important is it that a retirement benefit program have a vesting schedule?

Absolutely Important

How important is it that a retirement benefit program permit participants to select from a range of asset-allocation options?

Absolutely Important

Entitlement: 93
(Defined Benefit Plan)
Empowerment: 125
(Deferred Compensation Plan)
Motivation: 148
Incentive: 139
(Deferred Compensation Plan With Employer Match)
(Defined Contribution Plan)

534

540

530

538

542

Done

Print

FIG. 7J

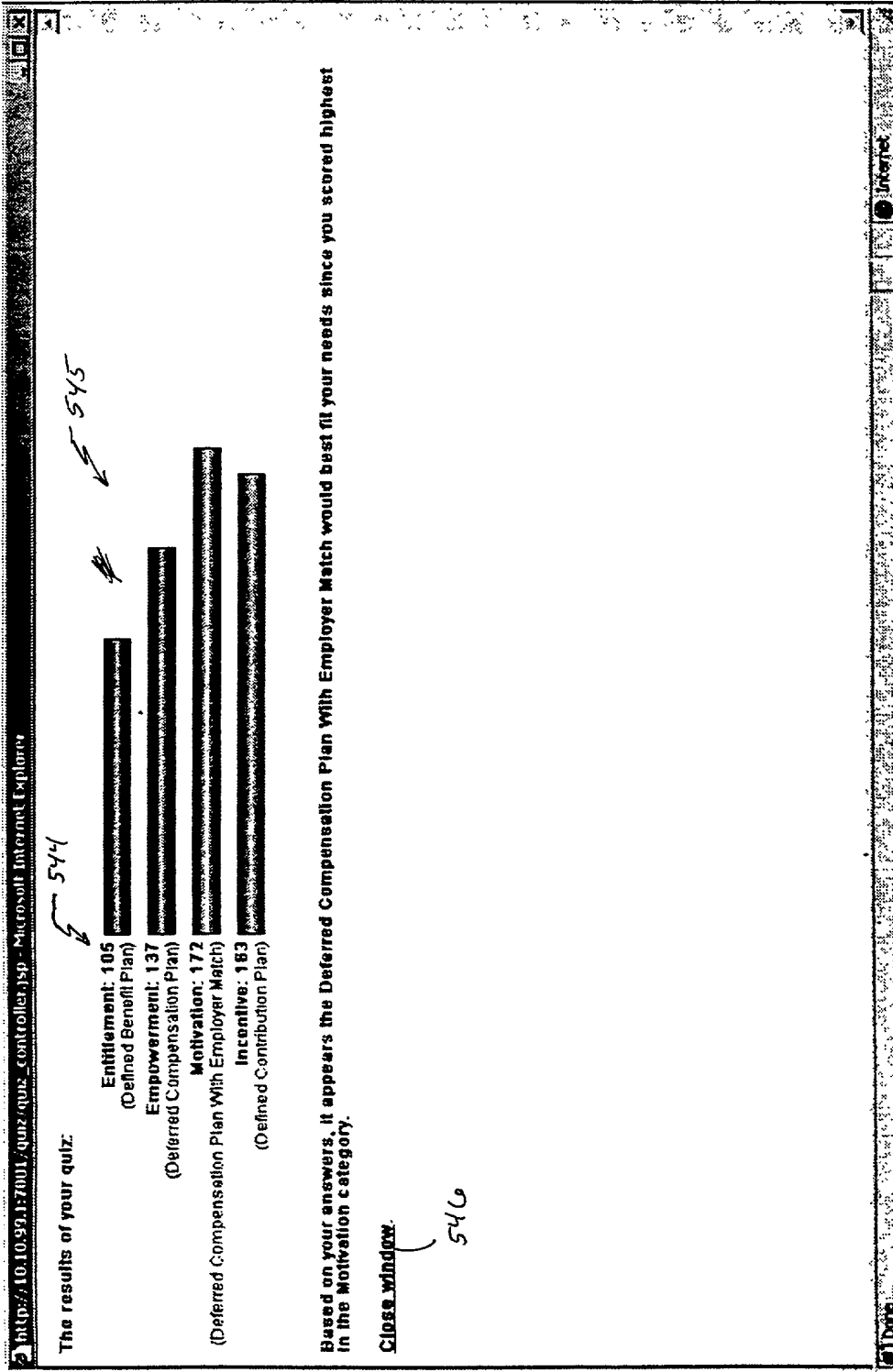


FIG. 7K